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Kim T. Gordon: Marketing

A Niche to Grow

Expand your business by targeting qualified niche markets.
By Kim T. Gordon | October 22, 2007

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Most successful marketing tales begin and end with a well-plumbed niche. In other words, the marketer has found the most-qualified group of prospects and motivated them to action. You'll rarely see a company that's risen to the top using a shotgun approach--targeting a mass audience indiscriminately--yet this is where many entrepreneurs trip up.

Failure to isolate the most-qualified niche can waste marketing funds, time and energy. I get e-mails and phone calls from entrepreneurs who tell me "everybody" can use their product or service. The trouble is, even the most well-financed business can't afford to reach everybody at once. And even if they somehow could, their message would have to be so generic that many different types of prospects wouldn't feel motivated to take action.

Just look at the way big businesses individually target their niche. Wireless companies, for example, have marketing campaigns that pitch small businesses, families and young adults. Each of these audiences constitutes a different niche that warrants its own set of campaign tactics and messaging.

Ready to expand into a new niche market? Here are three important steps to get you started:

1. Sharpen Your Focus

Take a long, careful look at your current customer base and divide it into groups with similar characteristics. Figure out what your best prospects have in common. This will define a niche market of individuals who are more likely to become customers or to make repeat purchases. Fine-tune your media buys and target your marketing messages to have the greatest appeal to the core group.

Suppose in the past you marketed randomly by generally targeting all women 25 to 49. You'd examine your customer base and divide it into groups that manifest important qualifying criteria--whatever would classify them as being your best or ideal customers--such as women in that age group who work outside the home, book travel online, or dine out six times or more per month.

Next, as you segment your customer base into groups with similar characteristics you may find that some of the groups that presently account for a small percentage of your sales show potential. These can become separate niche markets that will warrant unique marketing campaigns with different messages or offers.

2. Fill a Need

Sometimes you have no past customer history to go on when choosing a new market niche. In that case, you must make some preliminary assumptions about your prospect base. Focus on the customer you want to reach. Who has an identified need for what you market? Who is buying something similar now? It's easier to fill a need than to create one, so smart marketers look for potential buyers who know what they want and are buying it elsewhere.

Once you've identified prospects that have a need for what you market, evaluate the offers made by your potential competitors. The only way to beat them is to know them well and provide a product or service enhancements that are presently unavailable to their customers in that potential market niche. The key is to enter the new niche with a product or service that is widely accepted, yet add an original value proposition that prospects can't refuse.

3. Keep Entry Costs Down

There is another significant advantage to entering niche markets comprised of customers who are already buying something similar to what you provide. The fact is, it's virtually always easier for small businesses to be second (or third, fourth or even later) to enter a market, rather than to be the first. Being first is expensive--there's an entire educational curve to fund, particularly with new products--and it can take quite a bit of time to break through.

For example, suppose you wanted to offer a product to engineering firms and law offices, but the engineering firms had never bought anything like it, while the law firms were using something similar with limited results. Your smartest bet would be to tackle the legal office niche first by providing a product with significant enhancements or more attractive offers than

what the lawyers were presently buying. You wouldn't need to educate the legal prospects on the way your product would fill their needs and go through the long startup period that would be required to get results from marketing to the engineering firms.

Niche by niche, growth comes from taking measured risks that start with an assessment of your best potential customers and their needs. And you'll succeed by making valuable offers to carefully targeted, qualified prospects who are prepared to buy.

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